

## 2004 Employer Credit for Technology Training

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

Phoenix	(602) 255-3381
From area codes 520 and 928, toll-free	(800) 352-4090
Form Orders	(602) 542-4260
Forms by Fax	(602) 542-3756
<b>Recorded Tax Information</b>	
Phoenix	(602) 542-1991
From area codes 520 and 928, toll-free	(800) 845-8192
<b>Hearing impaired TDD user</b>	
Phoenix	(602) 542-4021
From area codes 520 and 928, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

[www.azdor.gov](http://www.azdor.gov)

### General Instructions

ARS §§ 43-1088.01 and 43-1179 provide REFUNDABLE individual and corporate tax credits for expenses incurred by the taxpayer for providing qualified technology skills training to not more than 20 of the taxpayer's employees. The tax credit amount is equal to 50 percent of the amount actually spent during the calendar year for the cost of training but not more than one thousand five hundred dollars per employee. The credit applies to taxable years beginning from and after December 31, 2000 and ending before January 1, 2006.

#### To qualify for the credit:

- The employer/taxpayer should submit a completed Request for a Preliminary Determination of Eligibility to the Arizona Department of Commerce, Office of Workforce Development, at least 30 days prior to the start date of a training course for which the employer/taxpayer intends to request approval for a tax credit. The Department of Commerce will review the request and will notify the taxpayer whether the training course is eligible.
- The employer/taxpayer must also apply for the tax credit between January 1 and January 15 of the year following the calendar year in which the expenses were incurred. If the taxpayer did not submit a completed Request for a Preliminary Determination of Eligibility to the Department of Commerce, the taxpayer must include the information required on that form with its tax credit application. The Department of Commerce will review the application and determine whether the taxpayer is eligible for the tax credit. If the Department of Commerce determines that the taxpayer is eligible for a tax credit, the Department of Commerce will issue a tax credit certificate to the employer/taxpayer stating the amount of the tax credit.

Co-owners of a business, including partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the credit allowed based on the ownership interest. The total of the credits allowed all such

owners may not exceed the amount that would have been allowed for a sole owner of the business.

If the allowable tax credit exceeds the taxes otherwise due or, if there are no taxes due, the amount of the credit not used to offset taxes shall be paid in the same manner as a refund granted under ARS § 42-1118. Refunds made pursuant to this section are subject to debt setoff under ARS § 42-1122.

### Specific Instructions

Complete the name and taxpayer identification number section at the top of the form. Indicate the period covered by the taxable year (in an MM/DD/YYYY format). Attach the completed form to the tax return.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). The TIN for a corporation, S corporation, or a partnership is the taxpayer's employer identification number. The TIN for an individual is the taxpayer's social security number or an IRS individual taxpayer identification number. Taxpayers that fail to include their TIN may be subject to a penalty.

### Tax Credit Eligibility Questions

Answer the eligibility questions. If the answer to either of the questions is no, the taxpayer is not eligible for the tax credit.

NEED MORE INFORMATION REGARDING ELIGIBILITY? Contact the Arizona Department of Commerce, Office of Workforce Development, at (602) 771-1181. Review the administrative rules for the Arizona Department of Commerce technology training assistance program [Arizona Administrative Code (AAC) rules R20-1-401 through R20-1-406] for detailed information. Obtain the request for a preliminary determination of eligibility form, tax credit application and a list of accredited training institutions by accessing the Arizona Department of Commerce Internet home page at [www.azcommerce.com](http://www.azcommerce.com).

### Part I - Current Taxable Year's Credit

#### Line 1 -

Enter the amount of the tax credit from the tax credit certificate issued by the Arizona Department of Commerce. The taxpayer shall claim the credit on the next tax return filed after receiving the certificate from the Department of Commerce.

### Part II - S Corporation Credit Election and Shareholder's Share of the Credit

#### Line 2 - S Corporation Credit Election

S corporations must complete line 2. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Form 120S.

#### Lines 3 through 5 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 3 through 5.

The S corporation must complete Part I. Then, complete Part II, lines 3 through 5, separately for each shareholder. The S corporation must furnish each shareholder with a copy of the completed Form 329.

Each shareholder must complete Part IV.

### **Part III - Partner's Share of Credit**

#### **Lines 6 through 8 -**

The partnership must complete Part I. Then, complete Part III, lines 6 through 8, separately for each partner. The partnership must furnish each partner with a copy of the completed Form 329.

Each partner must complete Part IV.

### **Part IV - Total Available Credit**

#### **Line 9 -**

*Individuals and corporations (including S corporations that elected to claim the credit)* - Enter the current year's credit from Part I, line 1.

*S corporation shareholders* - Enter the credit from Part II, line 5.

*Partners of a partnership* - Enter the credit from Part III, line 8.

This is the total available employer credit for technology training which may be applied to the current taxable year's tax liability. Enter the total here and on Form 120, line 25; or Form 120A, line 17; or Form 120S, line 21; or Form 120X, line 25; or Form 140, line 37; or Form 140PY, line 39; or Form 140NR, line 37; or Form 140X, line 40.

NOTE: The employer credit for technology training is a refundable tax credit. Amounts refunded under this program will be subject to federal and Arizona tax. The department will issue a statement to the taxpayer and to the Internal Revenue Service indicating the amount refunded to the taxpayer.